

m/049/021

From: Wayne Hedberg
To: Minerals
Date: 5/25/04 10:04AM
Subject: Fwd: Powell Mining activities and Cherry Hill Mine

FYI, conversation this AM between Dan Powell and Steve Alder.
Joelle, please may a copy for the mine file.
Thanks!

RECEIVED

MAY 25 2004

DIV OF OIL GAS & MINING

>>> Steve Alder 05/25/04 09:47AM >>>
Wayne,

I just spoke this morning with Mr. Dan Powell. He informed me that Steve Powell has ut the gate and been on the mine site without his knowledge and removed more fines. He said he re locked the gate last night

By way of background, Dan informed me that he had met with Alison Garner of our office last Tuesday and informed her that Steve Powell had objections to the thickness of the topsoil and manure cover required by the mine plan (Lynn K and I had met with Dan the prior week and Lynn had fully explained how the top soil was to be spread and how much mulch was required and why and explained that the application rates in the exhibit were the same as used by industry generally and even gave him some estimated cost for the application. Dan accepted Lynn's explanationn and siad he was ok and would get the Exhibit signed by Steve (he had already signed the agreement) and come back.) Allison had already informed me about this meeting and told me of the objections. She told me that Dan did call back to see if she knew anything more about the objections to the reclamationplan. Alison said that she understood that Steve and Dan were to come in with the money or the escrow set up. She said that on both occasions she remined him that they were not to remove any material until the agreement was finalized and the bond or escrow set up.

Dan informed me that on Thursday he was told by Steve that he had some new developments and to meet at the mine site. when they met there Dan said he saw that more material had been removed. He told Steve the material was not to be removed. According to Dan, Steve now has two purchasers for the fines and a contract with Nelco to remove and screen it and with Savage to haul it. He also claims that the Nelco people now want to post a bond for the full amount \$43,500 and want to begin to mining.

He said that he went to the mine on Monday evening and discovered that the lock had been cut on the gate and that more material had been removed. Dan said he told Steve he was not allowed to remove anything until the agreement was completed and the bond posted. Dan said he put a new lock on the gate last night and had been called this morning by Savage who expected to haul more material today.

I told Dan (and he seemed to be fully in agreement), that before he could resume mining we would need a new agreement and would need to recind the prior agreements and would need to have the bond fully in place and the reclmation plan approved and a new permit issued. He understood and said that he was meeting with Sid Unrau today at 4:00 to draft an agreement with Nelco and he would be back to us with a proposal for the Nelco group to post the bond and apply for the permit. I told him to work through Alison Garner in our office an gave him her phone nuymbers.

i told Dan I appreciated the call, and that we were concerned since they had not gotten back to us when we knew that the material had been approved by Sunnyside. I told him we had been expecting he and Steve to come in with the final vesions of the Agreement. I asked him to keep us informed.

I called Wayne to advise him of the activity at the site and to suggest that someone go check out the degree of disturbance and consider further actions by the Division.